

**From:** "Kracht, Robert R." <rrk@mccarthylebit.com>  
**Date:** December 7, 2018 at 7:25:01 AM EST  
**To:** "'gg@geisco.net'" <gg@geisco.net>  
**Subject:** South Univ. of Ohio, LLC re: Hemingway at Richmond, LLC Premises located at 4743 Richmond Road, Warrensville, Hts., Ohio

Greg:

As Mark Dottore explained your tenant and its affiliates, and parent entities are in the process of a restructure that ordinarily would occur through a Ch. 11 bankruptcy proceeding. Because of the students that attend the South University campus in your building and the thousands of others attending other campuses around the country would lose their ability to complete their college studies, a Ch. 11 filing would cut off what they call Title IV funding to fund what they call "teach outs" at various campuses so those students could finish any pending semester and then transfer to another college, or one of the campuses that are contemplated to be sold by the parent of South University to a proposed buyer.

The alternative to a Ch. 11 bankruptcy is a federal court receivership. As you may know Mark was a receiver for Meyers University in Cleveland a number of years ago and has substantial experience with a matter of that type and for that reason, among others, he has been selected by the principals of South University's parent entities to as the proposed receiver. At present Mark is their consultant.

In order to have a basis to be in federal court that would have jurisdiction over South University and be in a position to thereafter seek the appointment of Mark as receiver, the lawsuit would have to be filed by a creditor of South University in the Federal Court sitting in Cleveland. Since your company, Hemingway at Richmond, LLC is the landlord of the South Univ. of Ohio campus on Warrensville Road, your company would be in the best position to facilitate a lawsuit to sue for breach of your lease in order to invoke the federal courts jurisdiction.

I am attaching a draft complaint that asserts a claim against South University for breach of the Hemingway lease agreement. As you can see there are several fill in the blank places within the draft complaint were those items, such as date any notice of default was sent and the amount of your claim against South University under the lease, as long as that claim is at least \$75,000 or more (the monetary jurisdictional cut off) and provided Hemingway at Richmond, LLC, as an Ohio LLC, and its members, are diverse (citizens of a state other than the home state of South Univ or its ultimate parent (that being the states of Arizona and California), then the two basis jurisdictional requirements that a plaintiff must meet to invoke the federal courts jurisdiction would be met.



The lenders for South University's parent entities are putting extreme pressure on the entities and the US Department of Education is currently sporadically releasing only limited funds that have contributed to a significant financial crisis. South Universities parent entities believe that the only viable alternative to preserve a going concern value of the colleges and protect the interests of the students and creditors, is to pursue the federal receivership. The first, and initially most import step if the commencement of a lawsuit in an appropriate federal court where the next step after that suit is filed would be the filing of a motion by South University for the appointment of a federal receiver, like Mark, to take over its affairs and the affairs of all other campuses around the country, in order to safeguard the assets, protect the students, and promptly consummate a going concern sale of a substantial portion of the campuses of South Univ. and its affiliates, Argosy University and the Art Institutes.

Please review and contact me or Mark to discuss.

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